Consumer Confidence Survey

R4105-4

- Business
- Employment
- Income
- Inflation
- Interest Rates
- Stock Prices

August 1988

CONSUMERS SLIGHTLY LESS OPTIMISTIC

There was a modest decline in consumer confidence in July. This was the second consecutive loss in the Board's monthly Confidence Index (1985 = 100). Most of this decline is accounted for by the drought-stricken regions of the country.

The present Index reading is 113.0, a drop of 2.7 for the month. This measure is now off some 7 points since May. In the most recent probe, people continued to be quite positive in their evaluation of the ongoing situation, but somewhat less sanguine in their expectations for the months to come. Their spending plans have not changed much.

Slightly more people than in the previous survey now believe that business is "good," 28%, up from 27 percent. Consumers also remain comfortable with the present employment situation. Some 31% of respondents report that jobs are "plentiful," slightly over 22% complain they are hard to find. These are about the same numbers picked up a month earlier.

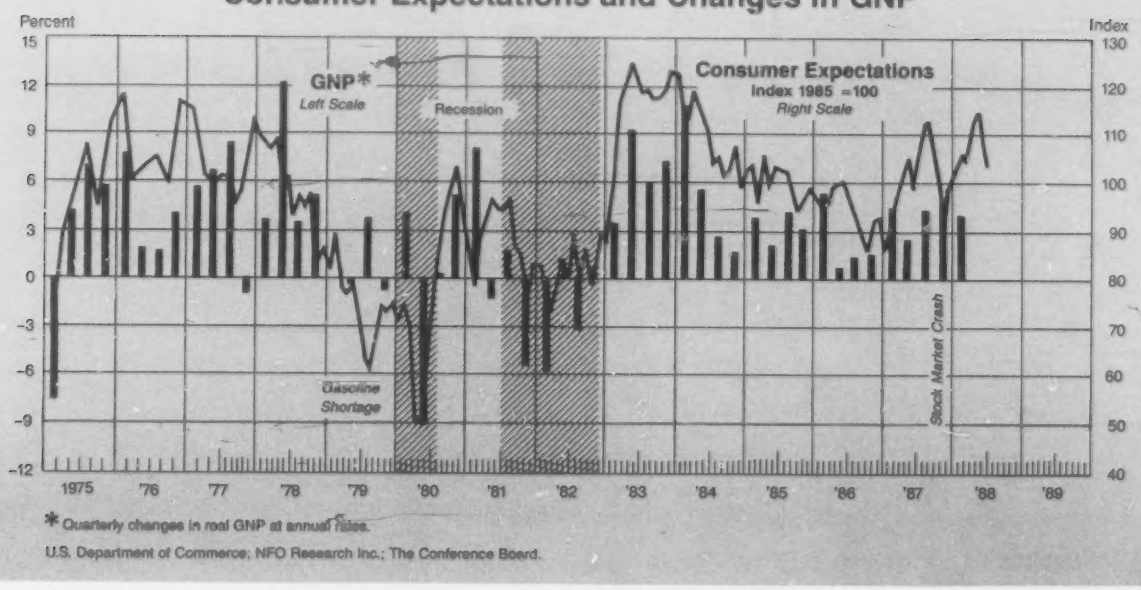
In looking ahead to the next six months, however, consumers feel somewhat less secure. More people than previously are concerned that business conditions will worsen—almost 10%, up from 7 percent. Also, on the issue of employment prospects, more people now express the worry that jobs will become scarcer—15.3%, up from 13.8 percent. However, concerning their personal financial outlook, respondents are slightly more positive than a month ago, but still less optimistic than earlier in the year.

Buying plans remained substantially unchanged in July. Some 8.7% plan to purchase an automobile within the next six months—a strong reading, though not quite as strong as recorded earlier in the year. Plans to buy a home, which registered an impressive gain in June, were down moderately in July. Plans to acquire a major appliance were indicated by 30.3% of all respondents—the same figure as in June, but lower than earlier in the year.

Although consumer optimism edged off in the past two months, most of the loss was registered in the major agricultural regions. More generally, there appears to be some concern that living costs will increase as a result of the drought. On a question concerning inflation, consumers now expect prices to rise by 5.0% over the next year, up from 4.4%—a level that roughly has been maintained for the past year.

Fabian Linden

Consumer Expectations and Changes in GNP



* Quarterly changes in real GNP at annual rates.

U.S. Department of Commerce; NFO Research Inc.; The Conference Board.

Confidence and Buying Plans

Based on surveys conducted by NFO Research, Inc.

Percentage of all households = 100%

	Business			Employment			Income
	1987			1988			
All series seasonally adjusted	*Jan.*	*Feb.*	*Mar.*	*Apr.*	*May*	*June(r)*	*July(p)*
Composite Series: Index Numbers, 1985 = 100							
Consumer Confidence Index	109.9	114.9	112.7	115.7	120.2	115.7	113.0
Present Situation	121.5	129.1	124.5	120.2	129.0	126.3	127.4
Expectations	102.2	105.5	104.9	112.8	114.4	108.6	103.5
Appraisal of Present Situation: Percent							
Business Conditions							
Good	26.4	29.6	29.1	28.3	31.6	27.4	28.3
Bad	18.3	18.9	18.8	20.9	18.4	19.7	19.4
Normal	55.3	51.5	52.1	50.8	50.0	52.9	52.3
Employment							
Jobs plentiful	29.5	31.4	28.9	27.8	30.8	31.1	30.8
Jobs not so plentiful	44.8	45.9	47.0	48.1	45.4	46.1	46.8
Jobs hard to get	25.7	22.9	24.1	24.1	23.8	22.8	22.4
Expectations for Six Months Hence: Percent							
Business Conditions							
Better	18.7	19.7	20.2	20.9	22.0	20.4	20.0
Worse	8.0	7.9	7.6	6.4	5.3	6.7	9.7
Same	73.3	72.4	72.2	72.7	72.7	72.9	70.3
Employment							
More jobs	16.2	16.7	15.8	18.2	19.0	18.3	17.9
Fewer jobs	15.6	14.4	14.0	11.9	12.6	13.8	15.3
Same	68.2	68.5	70.2	69.9	68.4	67.9	66.8
Income							
Increase	26.2	30.6	28.5	29.4	29.0	26.3	27.8
Decrease	6.3	6.5	6.7	6.0	6.0	6.4	6.2
Same	67.5	62.9	64.8	64.6	65.0	67.3	66.0
Plans to Buy Within Six Months: Percent							
Automobile							
Yes	7.5	9.6	9.4	9.1	9.4	8.9	8.7
New	3.7	4.7	5.3	5.5	4.9	5.0	4.5
Used	3.0	3.5	3.3	3.1	3.3	3.4	3.2
Uncertain	0.8	1.4	0.8	0.5	1.2	0.5	1.0
Home							
Yes	3.8	5.0	4.7	3.5	3.3	4.0	3.7
New	1.3	1.6	1.7	1.1	1.1	0.9	1.2
Lived in	1.7	2.1	2.1	1.7	1.3	2.1	1.5
Uncertain	0.8	1.3	0.9	0.7	0.9	1.0	1.0
Major appliances							
Total plans	29.4	36.0	34.0	35.0	35.8	30.3	30.3
Refrigerator	5.0	5.8	5.4	5.3	5.9	4.7	4.4
Washing machine	4.1	5.4	4.4	5.3	5.1	3.9	4.7
TV Set	6.7	8.2	8.5	7.9	8.6	7.5	6.1
Vacuum Cleaner	4.6	5.9	5.9	5.6	6.0	4.9	5.3
Range	3.1	3.5	3.2	3.9	3.1	3.1	3.2
Clothes dryer	3.7	4.2	4.2	4.4	4.9	3.8	4.0
Air conditioner	2.2	3.0	2.4	2.6	2.2	2.4	2.6
Carpet	8.3	8.3	9.5	8.2	8.7	7.6	6.8
Vacation Intended Within Six Months: Percent*							
Vacation Intended	51.9		54.3	50.9	51.2	49.7	48.5
Destination †							
U.S.	46.7		48.6	44.5	44.3	42.8	41.7
Foreign country	7.0		7.6	8.2	8.9	9.3	9.3
Means of travel							
Automobile	30.5		32.9	30.9	29.8	29.8	27.9
Airplane	21.2		20.4	18.9	19.9	19.1	20.8
Other	4.3		4.6	3.8	5.0	4.4	4.5

(p)—preliminary (r)—revised

* All vacation plans data have been revised based on updated seasonal factors. Historical data are available on request.

† The U.S. and Foreign country series for December, 1987 and thereafter are not strictly comparable to earlier months.

Data in this publication are available for downloading to your PC. For information, phone (212) 759-0900 Ext. 216.

Inflation	Interest Rates	Stock Prices											
	1987						1988						
Not seasonally adjusted	*July*	*Aug.*	*Sep.*	*Oct.*	*Nov.*	*Dec.*	*Jan.*	*Feb.*	*Mar.*	*Apr.*	*May*	*June(r)*	*July(p)*
	Expectations for Twelve Months Hence: Percent												
Inflation Rate													
Average		4.4	4.3	4.4	4.5	4.5	4.3	4.3	4.3	4.4	4.4	4.4	5.0
Interest Rates													
Higher	64.8	63.9	73.9	75.0	55.2	58.5	58.9	49.9	58.9	58.0	66.5	71.5	67.5
Same	25.4	24.0	18.4	17.2	22.3	24.1	24.9	25.7	27.6	27.6	23.6	20.0	21.9
Lower	9.8	12.1	7.7	7.8	22.0	17.4	16.2	24.4	13.5	14.4	9.9	8.5	10.6
Stock Prices													
Increase	46.3	45.5	41.4	39.9	34.1	31.1	36.0	36.6	46.9	38.7	39.3	39.8	41.0
Same	36.9	33.0	31.4	31.0	27.0	28.6	31.0	33.6	34.6	33.6	34.3	35.8	34.6
Decrease	16.8	21.5	27.2	29.1	38.9	38.3	33.0	29.8	18.4	27.7	26.4	24.4	24.4

CONSUMER CONFIDENCE BY REGION

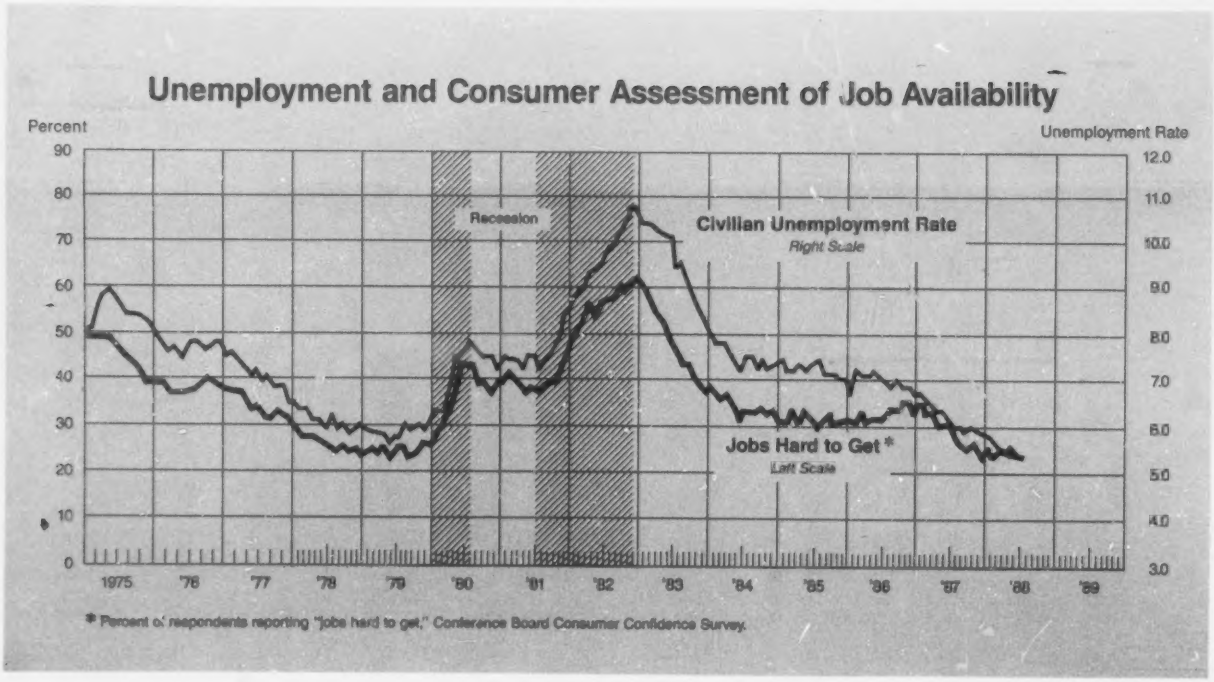
	1987						1988							AVERAGE: May, June, July		
Seasonally unadjusted Index numbers: 1985 = 100	*July*	*Aug.*	*Sep.*	*Oct.*	*Nov.*	*Dec.*	*Jan.*	*Feb.*	*Mar.*	*Apr.*	*May*	*June(r)*	*July(p)*	*1987*	*1988*	*Percent Change**
NEW ENGLAND																
Consumer Confidence Index	156.6	152.7	158.5	160.0	141.7	148.2	153.6	155.0	152.4	159.2	153.9	149.8	154.2	154.3	152.6	– 1.1
Present Situation	206.9	207.1	209.4	208.7	200.7	204.7	199.2	202.4	200.0	203.7	203.0	207.0	200.2	200.3	203.4	1.5
Expectations	123.0	116.5	124.6	127.6	102.3	110.8	123.2	123.4	120.6	129.6	121.2	111.7	123.5	123.6	118.8	– 3.9
MIDDLE ATLANTIC																
Consumer Confidence Index	113.5	107.0	117.9	124.0	101.5	108.8	114.5	114.8	122.0	123.6	125.5	121.8	121.3	105.6	122.9	16.3
Present Situation	130.5	121.5	139.9	152.2	127.5	137.3	142.4	136.2	143.9	142.9	142.9	152.6	147.6	121.1	150.6	24.3
Expectations	102.1	97.3	103.3	105.2	84.3	89.8	95.9	100.5	107.4	110.7	108.1	101.3	103.8	95.3	104.4	9.5
EAST NORTH CENTRAL																
Consumer Confidence Index	87.3	91.6	102.9	103.8	88.0	87.9	97.0	97.0	95.3	104.0	108.7	102.3	92.9	85.7	101.3	18.3
Present Situation	86.5	102.3	111.7	116.0	99.4	96.3	103.4	99.2	91.3	102.8	107.7	111.0	114.7	88.3	111.1	25.8
Expectations	87.9	84.5	97.0	95.6	80.4	82.3	92.8	95.6	97.9	104.7	109.4	96.6	78.4	83.9	94.8	13.0
WEST NORTH CENTRAL																
Consumer Confidence Index	70.1	75.8	92.2	89.6	73.7	71.5	89.6	98.2	87.6	99.1	88.4	91.4	69.7	75.3	83.2	10.4
Present Situation	55.5	59.1	91.5	94.8	77.2	74.9	77.8	84.8	69.4	82.9	93.8	97.6	88.7	60.8	93.3	53.6
Expectations	79.9	86.9	92.7	86.1	71.4	69.3	97.5	107.2	99.7	109.9	84.9	87.3	57.0	85.1	76.4	–10.2
SOUTH ATLANTIC																
Consumer Confidence Index	134.7	136.7	141.2	147.6	131.2	131.3	133.9	137.7	136.7	138.7	142.2	138.2	140.5	131.9	140.3	6.4
Present Situation	156.9	162.1	168.8	176.1	168.6	164.8	161.7	163.2	165.3	161.9	168.9	163.8	169.9	152.8	167.5	9.6
Expectations	119.8	119.8	122.9	128.6	106.2	109.1	115.4	120.7	117.6	123.3	124.5	121.2	120.9	117.9	122.2	3.7
EAST SOUTH CENTRAL																
Consumer Confidence Index	87.6	93.7	94.8	98.2	90.1	100.9	98.6	114.9	109.8	96.8	115.0	97.1	84.4	87.5	98.9	13.0
Present Situation	74.5	71.6	78.0	89.3	87.3	93.9	82.0	103.5	94.0	79.1	97.9	93.4	70.3	74.7	87.2	16.7
Expectations	96.3	108.4	106.0	104.2	92.0	105.5	109.8	122.5	120.4	108.7	126.5	99.6	93.8	96.0	106.6	11.1
WEST SOUTH CENTRAL																
Consumer Confidence Index	71.2	77.3	82.6	78.3	70.1	68.7	74.9	81.7	69.7	75.3	77.9	78.5	80.9	69.2	79.1	14.3
Present Situation	19.6	26.2	28.3	26.1	26.5	27.7	26.5	33.0	20.1	22.6	34.6	30.8	30.8	18.8	32.1	70.2
Expectations	105.7	111.4	118.8	113.1	97.8	96.0	107.2	114.3	102.8	110.4	106.8	110.3	114.3	102.7	110.4	7.5
MOUNTAIN																
Consumer Confidence Index	74.8	84.2	102.8	101.4	71.1	85.7	84.5	82.4	94.6	87.5	94.4	85.4	82.0	81.6	87.3	7.0
Present Situation	49.6	60.0	82.6	93.4	67.5	76.1	54.4	66.6	77.8	57.5	79.2	69.2	62.7	54.5	70.4	29.0
Expectations	91.6	100.3	116.3	106.8	82.4	92.1	104.5	93.0	105.8	107.6	104.6	96.2	94.9	99.6	98.6	– 1.0
PACIFIC																
Consumer Confidence Index	114.7	124.0	125.1	125.3	125.5	121.2	125.2	135.2	125.2	121.1	125.5	127.0	128.9	111.2	127.1	14.3
Present Situation	132.2	147.1	149.0	151.4	152.1	148.2	140.0	157.3	150.7	135.2	149.1	153.9	163.6	126.1	155.5	23.3
Expectations	103.0	108.6	109.1	107.9	107.7	103.2	115.4	120.4	108.3	111.7	109.7	109.1	105.7	101.2	108.2	6.9

*Percent Change: average of last three months shown as compared with same period year ago. Regional data are not adjusted for seasonal variations.

CONSUMER CONFIDENCE BY AGE AND INCOME CLASS

Seasonally adjusted index numbers: 1985 = 100	1987 July	Aug.	Sep.	Oct.	Nov.	Dec.	1988 Jan.	Feb.	Mar.	Apr.	May	June(r)	July(p)	3 mos. Percent, Change*
TOTAL U.S.														
Consumer Confidence Index	105.8	110.7	115.7	115.1	100.8	107.7	109.9	114.9	112.7	115.7	120.2	115.7	113.0	1.6
Present Situation	106.2	115.6	120.5	124.4	115.6	119.8	121.5	129.1	124.5	120.2	129.0	126.3	127.4	2.4
Expectations	105.6	107.5	112.5	108.9	90.9	99.6	102.2	105.5	104.9	112.8	114.4	108.6	103.5	1.0
AGE OF HOUSEHOLD HEAD														
Consumer Confidence Index														
Under 35	114.5	111.2	120.7	122.3	110.2	121.5	116.5	124.[illegible]	118.6	120.4	123.1	121.5	120.9	0.6
35-54	108.0	115.7	120.0	113.9	103.5	105.9	111.1	113.[illegible]	117.1	119.5	121.8	118.7	116.9	2.1
55 and over	93.8	102.7	102.5	107.2	86.7	95.6	99.1	104.6	98.7	104.4	113.8	104.7	101.1	3.9
Present Situation														
Under 35	111.4	116.9	126.3	130.6	123.0	130.6	126.5	137.8	128.0	127.1	129.9	130.1	134.5	0.4
35-54	108.7	121.6	128.2	123.6	114.4	118.3	122.5	128.4	131.9	124.5	130.3	129.9	130.0	1.4
55 and over	101.1	108.7	106.7	120.0	111.0	113.8	116.1	122.7	113.8	110.7	127.2	120.0	120.9	6.0
Expectations														
Under 35	116.6	107.4	117.0	116.7	101.6	115.6	109.7	115.4	112.3	116.0	118.7	115.7	111.9	0.7
35-54	107.6	111.8	114.4	107.4	96.2	97.7	103.6	103.9	107.4	116.4	116.2	111.2	108.4	2.5
55 and over	89.0	98.7	99.7	98.5	70.4	83.3	88.1	93.0	88.9	100.3	104.9	94.3	87.9	1.7
HOUSEHOLD INCOME														
Consumer Confidence Index														
Under $15,000	86.3	78.3	88.0	87.1	74.6	83.9	85.1	89.0	83.7	89.8	94.1	88.4	82.7	1.0
$15,000-24,999	92.6	100.4	106.2	113.8	97.8	103.4	106.0	116.7	107.6	109.8	112.8	102.7	101.8	- 5.0
$25,000 and over	123.4	130.3	131.8	128.6	114.7	120.6	122.7	126.8	127.5	129.7	135.4	132.0	130.7	3.7
Present Situation														
Under $15,000	79.3	74.9	77.4	82.5	74.9	77.6	74.7	80.[illegible]	74.8	78.8	88.5	83.2	82.6	8.8
$15,000-24,999	87.7	96.0	109.7	119.0	104.2	107.7	111.6	124.2	110.7	103.9	116.7	109.0	113.2	0.0
$25,000 and over	132.6	143.1	145.5	146.3	140.2	145.5	148.5	156.2	152.6	145.5	153.5	152.1	153.9	1.1
Expectations														
Under $15,000	91.2	80.7	95.5	90.5	74.4	88.6	91.3	93.7	88.7	97.0	97.9	92.1	83.0	- 2.3
$15,000-24,999	96.0	103.6	103.9	110.4	93.5	100.6	102.1	111.3	105.2	113.7	110.3	98.6	94.3	- 8.2
$25,000 and over	117.1	121.8	122.4	115.5	97.6	103.6	106.1	108.2	111.4	119.4	123.4	118.5	115.3	5.4

*Percent Change: average of last three months shown as compared with preceding three months. Age and income data have been adjusted for seasonal variations.



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